

Benefit Equalization Plan



The purpose of the Benefit Equalization Plan is to restore the level of retirement benefits you would receive from the MMC Retirement Plan if certain IRS limitations did not apply.

These questions and answers describe plan provisions dated as of May 10, 2006 and only include information on those significant provisions of the Benefit Equalization Plan that differ from the MMC Retirement Plan. If you terminated employment before that date, prior plan provisions will apply.

Note: This document uses a number of defined terms, highlighted in purple; go to the "Definition" section at the end of the SPD for the defined terms' definitions.

Topics you will find on this page

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Eligibility

You are eligible if you are vested in the MMC Retirement Plan and if your eligible salary and/or MMC Retirement Plan benefit exceeds qualified plan limits.

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- Definitions

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Formula

The MMC Retirement Plan is subject to IRS limits and limits the amount of benefits that can be paid under a tax-qualified plan. The Benefit Equalization Plan, a non-qualified plan, pays benefits in excess of these limits.

Because this Plan makes up for IRS limits, your benefit can decrease when the MMC Retirement Plan limits increase. In any event, your total benefits from the Retirement Plan and this Plan will be the same.

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Does the transition benefit, as described in the MMC Retirement Plan, apply when calculating my benefit under the Benefit Equalization Plan?

Yes, if you are eligible for a transition benefit as described in the MMC Retirement Plan, the same transition benefit rules apply when calculating your benefit under the Benefit Equalization Plan.

Benefit Equalization Plan example[More...](#)**Benefit Equalization Plan (BEP) Example:**

No IRS limits on compensation (\$220,000 for 2006) apply to the Benefit Equalization Plan because it is a non-qualified plan.

Let's say you retire on January 1, 2008 (after having turned age 65 on December 15, 2007) and:

- you have 40 years of benefit service and vesting service as of December 15, 2007
- your eligible salary for each year from 2000 through 2007 is as follows:

Year	Eligible Salary
2000	220,000
2001	232,000
2002	243,200
2003	252,000
2004	258,300
2005	264,500
2006	270,000
2007	280,200

- your final average salary (highest 60 months of salary) as of December 31, 2005 is \$250,000
- your eligible salary for 2006 and 2007 are \$22,500 per month and \$23,350 per month, respectively
- you were age 50 or older and had at least 10 years of vesting service on December 31, 2005
- you are eligible for the transition benefit (which means that your accrued benefit earned before 2006 can increase based on increases in your eligible compensation after 2005); for purposes of the transition benefit, your final average salary increases from \$250,000 to \$265,000 (or by 6.0%) from January 1, 2006 to January 1, 2008
- the government-determined covered compensation amount for 2005 is \$53,268
- your benefit for service before January 1, 2006 is \$110,932 per year calculated under the MMC Retirement Plan
- your annual accruals for 2006 and 2007 are \$2,200 and \$2,250, respectively, calculated under the MMC Retirement Plan.

1.6% times \$250,000 times 30 years = \$120,000

January 1, 2008:	
Combined retirement income from qualified MMC Retirement Plan and BEP:	\$145,997 per year payable at age 65

In this example, the annual benefit from the Benefit Equalization Plan, in combination with the qualified MMC Retirement Plan is \$145,997.

Payment options

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If your age 65 monthly benefit from the Benefit Equalization Plan is \$100 or more, your Plan benefits will be paid in the same form that you elect for your tax-qualified MMC Retirement Plan benefit unless you elect otherwise. You may be able to elect to receive a portion of your benefit from the Benefit Equalization Plan as a lump sum payment.

- » Making an election
- » Lump sum

For benefits commencing after December 31, 2006, "specified employees" (generally a company's 50 top-paid officers) may not receive a distribution of the Benefit Equalization Plan benefit that was earned and vested after December 31, 2004, earlier than six months after retirement or termination of employment, except in the case of death.

While your election under the MMC Retirement Plan must be made within 90 days preceding benefits commencement, your election under this Plan must be on file for at least 12 months prior to the date your benefits commence.

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Retirement benefit commencement

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All retirement benefits may commence as early as age 55 after your Company employment ends. Your benefits will be paid at the end of the same month your first payment from the MMC Retirement Plan begins and will be subject to the same reduction factors for early commencement.

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Funding

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Generally, benefits under this Plan will be paid from the Company's general assets.

- » Annuities purchased prior to 2003

Certain benefits earned on service prior to January 1, 2003, were funded by the purchase of annuities from various insurance companies. See "Prior Annuity Purchase" if you had a prior annuity purchase.

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Taxes on payment

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Benefits under this Plan are subject to federal, Social Security, and state and local taxes, as applicable.

- » Taxes

The Plan requires that your entire Social Security tax obligation relating to your benefit under the Plan be satisfied at the time your benefits commence.

currently maintained in the Company's records; this date can also be found via MMC PeopleLink (www.mmcpeoplelink.com) by accessing, "Information About You" in the Retirement Program Calculator.

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Covered compensation

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This is a set of annually issued Federal Government values of the average of the Social Security maximum Taxable Wage Bases over the 35-year period that ends at your Social Security normal retirement age. The Taxable Wage Base is the maximum amount of compensation recognized in determining your Social Security retirement benefit. (Currently, Social Security normal retirement age is 65 if you were born before 1938; 66 if you were born in 1938 through 1954; and 67 if you were born in 1955 or later. If you have not yet reached your Social Security normal retirement age, the current wage base is projected to your Social Security normal retirement age assuming no increases.) Each year the Federal Government issues an updated Taxable Wage Base Table. A copy of the table can be found on the Internet by accessing: http://www.irs.gov/irb/2004-46_IRB/ar07.html or go to "IRS.gov" and search for "Internal Revenue Bulletin (IRB) 2004-46".

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Deferred retirement date

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If your employment with the Company continues beyond your 65th birthday, your retirement benefit will be deferred, and you will begin receiving your benefit as of the first of the month that immediately follows the day you terminate employment. You will continue to accrue a benefit until you retire.

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Defined benefit plan

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This is a type of retirement benefit plan in which benefits are determined by a formula that usually considers salary and service. The plans in the Retirement Program are all defined benefit plans.

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Early retirement date

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If you have completed at least 60 months of vesting service and are under age 65, you may retire on the first of any month on or after age 55. Your accrued benefit considers salary and service through the end of the month in which you terminate employment. If you retire before age 62 and commence your benefit payments before age 62, your benefit accrued as of December 31, 2005 is reduced by the applicable benefit reduction percentage to reflect the longer payment period. If you retire before age 65, your benefit accrued on or after January 1, 2006 is reduced by the applicable benefit reduction percentage to reflect the longer payment period. Benefits accrued under plans of an acquired company may have different early retirement reductions that apply.

Eligible monthly salary

For the Retirement Plan and Benefit Equalization Plan:

Eligible monthly salary is your monthly base salary paid during periods when you were employed as a salaried employee by a participating MMC company. Salary does not include overtime, bonuses, commissions and

other extra compensation but does include before-tax salary reduction amounts that you may contribute to other programs sponsored by MMC in which you were eligible to participate, such as the Stock Investment Plan or a Flexible Spending Account, but excluding compensation you defer under the Stock Investment Supplemental Plan. The amount of your salary that can be used in determining your eligible monthly salary under the Plan is subject to an annual limit prescribed by the IRS. The annual limit is pro-rated so that your eligible monthly salary cannot exceed one-twelfth of the annual IRS limit in effect for the applicable calendar year.

For the Supplemental Retirement Plan:

Same as above but includes compensation you defer under the Stock Investment Supplemental Plan.

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Final average salary

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For the MMC Retirement Plan and Benefit Equalization Plan:

Final average salary is the average of your highest eligible monthly salary paid during period when you were employed as a salaried employee by a participating MMC company, over a 60 consecutive month period during your employment. Salary does not include overtime, bonuses, commissions and other extra compensation but does include before-tax salary reduction amounts that you may contribute to other programs sponsored by MMC in which you were eligible to participate, such as the Stock Investment Plan or a Flexible Spending Account, but excluding compensation you defer under the Stock Investment Supplemental Plan. The amount of your salary that can be used in determining your final average salary for a qualified plan is subject to an annual limit prescribed by the IRS.

For the Supplemental Retirement Plan:

Same as above but includes compensation you defer under the Stock Investment Supplemental Plan.

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Normal retirement date

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Your normal retirement date is the first day of the month on or after reaching age 65.

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Retired employee

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The Company considers you a retired employee starting the first of the month following the last day for which you are paid (if you are not at that time expected to return to work), provided you are at least age 55 with 60 months of vesting service on that date, or age 65 and over with any amount of service.

Retirement program calculator

The Retirement Program Calculator is a tool you can use to estimate your benefits under the U.S. Retirement Program based on assumptions (selected age expected to retire, salary, years of service, etc.) you choose and also view your prior estimates. The calculator is meant for planning